

NEWS RELEASE

March 17, 2014

Plan Ahead for Spring Flooding

Indiana Department of Insurance Releases Consumer Alert

Indianapolis, IN, March 17, 2014:

The Indiana Department of Insurance (IDOI) today, as part of Flood Safety Awareness Week, released a Consumer Alert to encourage Hoosiers to consider flood insurance before the spring flooding season.

“Homeowners’ policies generally do not cover flood damage, and a flood insurance policy typically will not go into effect until thirty days after you purchase it,” said IDOI Commissioner Stephen W. Robertson. “Now is the time to consider whether you should purchase flood insurance for your home.”

Robertson also encouraged Hoosiers to keep an inventory of their home’s belongings. One way to do so is by using the *myHOME Scr.APP.book* app from the National Association of Insurance Commissioners (NAIC). The app is free and allows users to quickly and easily capture images, descriptions, bar codes, serial numbers, and other information about personal property covered by the consumer’s homeowners insurance policy. The app is available for iPhone and Android. Hoosiers who prefer to create a home inventory on paper can download a home inventory checklist at http://www.insureuonline.org/home_inventory_checklist.pdf. More information about creating a home inventory is available through the NAIC at http://www.insureuonline.org/home_inventory_page.htm.

The concern voiced most often by the consumers is frustration with not being properly informed about flood insurance and, more specifically, that homeowners’ policies generally do not cover flood damage. The Consumer Alert addresses the common questions and problems Hoosiers face with regard to flooding.

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About the Indiana Department of Insurance

The Indiana Department of Insurance (IDOI) protects Indiana’s insurance consumers by monitoring and regulating insurance companies and agents for compliance with Indiana laws.

The IDOI also monitors and regulates the financial strengths and market conduct activities of insurance companies of insurance companies and agents. The IDOI also issues reports and consumer alerts to promptly inform Indiana consumers of the latest concerns in the insurance marketplace.

CONSUMER ALERT

Flood Insurance

The Indiana Department of Insurance (IDOI) wants Hoosiers to understand the facts about flood insurance.

Indiana is at risk for flooding year round. Late winter snowmelt and thunderstorms throughout the spring and summer months cause flooding across the state. Property owners and renters need to be aware of these risks and financially prepare for the damage floods can cause. Often times, flood damage is **not** covered under a standard homeowners policy. In response to some of the most frequently asked questions, the IDOI would like to offer some important tips on flood insurance to help you prepare.

Will my homeowners policy respond to a flood loss?

Generally speaking, a homeowners policy *will not* cover flood loss. Some companies offer a Hydrostatic Pressure Endorsement to insure your property for the increased exertion of water on the foundation of your structure, a condition frequently accompanying the rising waters of a flood; however, most of these endorsements only cover *collapse of the structure* due to hydrostatic pressure and do not insure for damages commonly associated with flooding.

Some homeowners insurance policies provide coverage caused by backup of sewers or drains; however, most (but not all) sewer and drain coverage provisions exclude backup as a result of flood and most limit payment for loss from sewer and drain backup to varying amounts usually less than \$5,000.

If you insure certain property (examples: antiques, guns, jewelry, camera equipment, objects of art, etc.) under a scheduled property floater (usually an endorsement to your homeowners policy) these specifically listed items may be covered for loss by flood. Please review your policy to make sure.

Is my car, truck, SUV or motorcycle covered for loss by flood?

If you carry "Other than Collision" coverage (formerly called Comprehensive Coverage) on these vehicles, the flood damage to your auto, SUV, or motorcycle should be covered up to the actual cash value at the time of loss less the deductible amount.

What is a flood?

A flood is an excess of water (or mud) on land that's normally dry. The National Flood Insurance Program (NFIP) defines flood to be a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area, or of two or more properties (at least one of which is the policyholder's property) from overflow of inland or tidal waters; unusual and rapid accumulation or runoff of surface waters from any source; mudflow; or collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining, caused by waves or currents of water exceeding anticipated cyclical levels.

What is flood insurance?

Flood insurance is a special policy that is federally backed by the NFIP and available for both homeowners and businesses.

You can buy flood insurance for your home or business **regardless of whether the property is in or out of a floodplain**, as long as the property is located in a participating community.

You may buy flood insurance covering up to \$250,000 of flood damage to your home. A standard flood policy will cover structural damage, including damage to the furnace, water heater, air conditioner, floor surfaces (carpeting and tile) and debris clean up.

For an additional premium, you also may buy flood coverage for limits up to \$100,000 to insure the personal property of your home. The need for flood insurance is not limited to home owners. Renters and condominium residents should also consider purchasing a flood insurance policy to protect their personal property. Note though, that coverage for personal property located below grade or in basements may be more limited.

Coverage is available for up to \$500,000 for non-residential buildings and their contents.

My mortgage company told me I do not need to purchase flood insurance. Does this mean I do not need flood insurance?

Do not confuse any contractual obligations between you and your mortgage company with the flood exposure you may face. Just because your mortgage company does not require you to purchase flood insurance does not mean you are immune from experiencing a flood loss. If there are any conditions that could cause you to experience flood damaging your property, consider how you would pay for such a loss. The NFIP flood insurance policy will provide funds to pay most damages resulting from a flood. The question each family must ask is, without flood coverage, will I be able to pay for a flood loss from my own funds?

Plan Ahead – Waiting Period

A flood insurance policy normally will not go into effect until 30 days after you purchase the policy.”

How can I buy flood insurance?

You can purchase flood insurance for your home or business, regardless of whether the property is in or out of a floodplain, directly from your property and casualty insurance agent or insurance company if your community participates in the NFIP. To find out if your community participates, visit <http://www.fema.gov/cis/IN.pdf> .

How much does flood insurance cost?

According to the Federal Emergency Management Agency (FEMA), the average homeowners flood insurance premium is approximately \$650 a year.

Premiums for flood insurance will vary depending upon your risk level for a flood loss, the amount of coverage you choose, the type of coverage you need and your deductible.

Flood Facts:

Floods are the #1 natural disaster in the United States.

From 2008 to 2012, the average flood claim amounted to nearly \$42,000.

People outside of high-risk areas file nearly 25% of NFIP (National Flood Insurance Program) claims and receive one-third of disaster assistance for flooding.

In the last ten years, Indiana has experienced ten federally declared flood disasters.

From 1978 through 2013, total insured flood losses in Indiana exceeded \$234.8 million.

The number of Indiana residents covered for flood damage continues to rise. The number of Indiana flood policies in-force as of 12/31/2013 equaled 29,050.

Many Indiana residents remain at financial risk. There are more than 2.5 million households in Indiana (2010 U.S. Census) and 29,050 flood insurance policies in effect. Only one percent of the state's households are covered.

Additional Safety Tips

For personal safety, identify what storm shelter is available to you and prepare an evacuation plan.

Make sure you have bottled water, a first aid kit, flashlights, a battery-powered radio, food items, blankets, clothing, prescription drugs, personal hygiene supplies and a small amount of cash.

If you need to evacuate your home, turn off all utilities and disconnect appliances to reduce the chance of additional damage and electrical shock when utilities are restored.

Do not attempt to drive through water. A car can easily be carried away by just two feet of floodwater.

Take an inventory of your personal property, such as clothes, jewelry, furniture, computers and audio/video equipment. Photos and video of your home, as well as sales receipts and the model and serial number of items, will be helpful if you need to file a claim. For more information on creating a home inventory, visit http://www.insureuonline.org/home_inventory_page.htm.

For more information on flood insurance, visit <http://www.fema.gov/business/nfip> .